

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01

INR-10 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07

CEA-01 EA-12 PA-02 DODE-00 PM-05 H-02 L-03 DOE-11

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FM AMCONSUL TRIESTE

TO AMEMBASSY ROME

INFO SECSTATE WASHDC 0831

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UNCLAS TRIESTE 0102

E.O. 11652: N/A

TAGS: ECON, IT

SUBJ: GOOD NEWS/BAD NEWS FOR TWO OF NORTHEAST ITALY'S

LARGEST FIRMS

REF: TRIESTE 0045

1. SUMMARY. TWO OF THE FRIULI-VENEZIA GIULIA REGION'S LARGEST COMPANIES MADE NEWS THIS WEEK. ZANUSSI S.P.A., ITALY S MEMBER ONE APPLIANCE MANUFACTURER, ANNOUNCED THAT GERMANY S TELEFUNKEN WILL SOON DIVEST ITSELF OF 20 PCT INTEREST IN THE ITALIAN FIRM. MEANWHILE, GRANDI MOTORI OF TRIESTE, THE NATION S MAJOR DIESEL ENGINE WORKS WON A CONTRACT TO PROVIDE POWER GENERATING EQUIPMENT TO CANADA. END SUMMARY.

2. AEG TELEFUNKEN WHICH HAS HELD 20 PCT OF ZANUSSI S STOCK SINCE 1973 HAS ANNOUNCED IT WILL SELL ITS SHARE IN THE ITALIAN APPLIANCE COMPANY, CITING RECENT MANAGEMENT DECISIONS BY THE GERMAN COMPANY TO DIVEST ITSELF OF MINORITY PARTNERSHIPS AND THOSE THAT ARE LOSING MONEY.

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PRESS REPORTS CITE THE FORMER MOTIVE AS THE BASIS FOR TELEFUNKEN S DECISION. ZANUSSI HAS INDICATED IT WILL PURCHASE THE GERMAN SHARES. THE ANNOUNCEMENT COMES ON THE HEELS OF RECENT ARTICLES DETAILING THE PORDENONE BASED GROUP S PROBLEMS WITH GROWING INVENTORIES COUPLED WITH LABOR S UNHAPPINESS WITH THE COMPANY S RELUCTANCE TO MAINTAIN, MUCH LESS EXPAND, ITS 28 THOUSAND PLUS

WORK FORCE.

3. GRANDI MOTORI TRIESTE (GMT), WHICH HAS BEEN TRYING TO DIVERSIFY BECAUSE OF THE ABSENCE OF A MARKET FOR ITS LARGE SHIP ENGINES, HAS WON A SIZEABLE CONTRACT IN CANADA. TEAMING UP WITH THE BOMBARDIER-MLW GROUP, GMT WILL PROVIDE AS MANY AS ELEVEN OF ITS LARGEST DIESEL GENERATORS TO EXPAND THE CAP-AUX-MELES POWER STATION FOR HYDRO QUEBEC. ACCORDING TO PRESS REPORTS GMT WON THE CONTRACT IN COMPETITION WITH AMERICAN, SWISS, BRITISH, GERMAN, AND JAPANESE BIDDERS. GMT WILL ALSO ENGINEER AND SUPERVISE THE INSTALLATION, WHILE MLW WILL PROVIDE THE ELECTRICAL SWITCHING EQUIPMENT AND ACCESSORIES. THE NEW CONTRACT, IN ADDITION TO INSTALLATIONS ALREADY UNDERWAY IN SUDAN, PERU, SAUDI ARABIA, SOMALIA, HUNGARY, AND NIGERIA, INDICATE GMT IS HAVING SOME SUCCESS IN KEEPING ITS 3,000 PLUS EMPLOYEES BUSY UNTIL ORDERS FOR SHIP ENGINES PICK UP. PATTERSON.

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